MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

PAT0074 – INTRODUCTION TO FINANCIAL ACCOUNTING

(Foundation in Business)

2 MARCH 2020
2.30 p.m - 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FOUR** pages with **THREE** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

STRUCTURED [100 MARKS]

Instructions: Answer **ALL** questions. Write your answers in the Answer Booklet.

QUESTION 1

UFO Limited depreciates its motor vehicle at the rate of 25% per annum, straight line method, for each month of ownership. The company bought two motor vehicles for RM10,000 and RM8,000 by cheque on 1 January 2018 and 1 January 2019 respectively. The company sold the motor vehicle which had been bought on 1 January 2015 for the sum of RM6,000 by cheque on 31 December 2019. The financial year end of the company being 31 December.

REQUIRED

a) List **FOUR** main causes of depreciation. (4 marks)

b) Prepare the following accounts for 2018 and 2019:
   i) Motor vehicle account (7 marks)

   ii) Accumulated provision for depreciation of motor vehicle account (7 marks)

   iii) Disposal of motor vehicle account (7 marks)

(Total 25 marks)

QUESTION 2

Part A

The treasurer of the Moms Cooking Club has prepared the following receipts and payments account for the year ended 31 December 2019:

	Receipts	RM		Payments	RM
Jan-01	Balance b/d	785	Dec-31	Allowance	640
Dec-31	Members' subscriptions	455		Rent of kitchen	100
	Surplus on charity dinner	295		Repairs to equipment	100
	Donation	380		New equipment	355
				Insurance	95
				Balance c/d	625
		1915			1915

Continued...

You are given the following additional information:

1) The book values of the equipment on 31 December 2018 was RM200.

2) The other current assets and liabilities were as follows:

	31/12/2018 (RM)	31/12/2019 (RM)
Subscriptions due but not received	50	40
Subscription received in advanced	60	30
Insurance paid in advance	--	10

3) The depreciation rate for the old and new equipment is 20% per year on reducing balance method.

REQUIRED

a) Prepare the subscription account for 2019. (4 marks)

b) Prepare the income and expenditure account for the year ended 31 December 2019. (8 marks)

Part B

Tom and Jerry have been in partnership and always shared profits and losses 1:2. The net profit, before any distribution to the partners, amounted to RM75,000 for the year ended 31 December 2019.

i. They are entitled to a 5% per annum interest on capitals; Tom having RM30,000 capital and Jerry RM40,000.
ii. They charged interest on drawings, Tom being charged RM3,000 and Jerry RM1,000.
iii. Tom is entitled to a salary of RM6,500.
iv. Cash drawings made by each of them is RM5,000 during the year.

REQUIRED

a) Prepare Statement of Profit or Loss and Appropriation Account for the year ended 31 December 2019 showing how the net profit is being shared between the partners. (7 marks)

b) Prepare the partners current accounts in columnar form. Close the current accounts. (6 marks)

Continued...

Part C

a) The balances extracted from the books of Henry Limited at 31 December 2019 was as follows:

	RM
10% Loan notes	30,000
Equipment at cost	80,000
Accumulated provision for depreciation of Equipment (1 January 2019)	16,000
Gross profit (31 December 2019)	250,000
Commission received	55,000
Wages and salaries	50,000
Rent expenses	5,500
Utilities expenses	28,000
Allowance for doubtful debts (1 January 2019)	800
Loan note interest	2,000
Accounts receivables	25,000
Bank	23,300

You are given the following additional information:

1) Commission received in advance for the year 2020 amounted to RM2,500.
2) Rent paid in advance at 31 December 2019 amounted to RM500.
3) The allowance for doubtful debts is to be increased to RM1,000.
4) A depreciation charge is to be made on equipment at 10% per annum on cost.
5) Loan note interest accrued at 31 December 2019 was RM1,000.
6) Corporate tax of RM17,000 will be payable on the profit of the year.

REQUIRED

Prepare the statement of profit or loss for the financial year ending 31 December 2019. (15 marks)

b) Snowy World Limited owns 1,000,000 shares of RM0.60 each. 500,000 shares was issued to the public and fully subscribed. RM0.50 per share were called up and the amount called up was received except for 25,000 shares.

i. Authorised capital (1.5 marks)
ii. Issued capital (1.5 marks)
iii. Called up capital (1.5 marks)
iv. Uncalled capital (2 marks)
v. Paid up capital (2 marks)
vi. Calls in arrears (1.5 marks)

REQUIRED

Calculate the above categories of capital.

(Total 50 marks)

Continued...

QUESTION 3

Part A

No	Item	Inflow or Outflow	Activity of the statement of cash flows
	Example: Repurchase of loan notes	Outflow	Financing
a)	Issue of ordinary share capital		
b)	Payments to acquire non-current assets		
c)	Decrease in accounts receivables		
d)	Payment of dividends		
e)	Increase in accrued expenses		
f)	Receipts from sale of equipment		

REQUIRED

For each of the above items, indicate whether it is either a cash inflow or outflow and in which activity of the statement of cash flows it would be reported. (12 marks)

Part B

The following figures was extracted from the books of Giant Corporation at 31 December 2019:

	RM
Sales	1,800,000
Cost of goods sold	900,000
Expenses	550,000
Current assets:	
Inventory	135,000
Account Receivables	85,000
Bank	120,000
Current liabilities	170,000

Note: There was no opening inventory on 1 January 2019.

REQUIRED

Calculate the following ratios (show your workings and round-off your answers to two decimal points).

a) Current ratio (3 marks)

b) Acid-test ratio (2.5 marks)

c) Net profit as a percentage of sales (3 marks)

d) Inventory turnover (2 marks)

e) Account Receivables/Sales ratio (in days) (2.5 marks)

(Total 25 marks)
End of Paper.